TEACHERS' RETIREMENT BOARD

INVESTMENT COMMITTEE

SUBJECT: Report of the Chief Investment Officer | ITEM NUMBER: 15

ATTACHMENT(S): 3

ACTION: _____ | DATE OF MEETING: March 8, 2000

INFORMATION: X | PRESENTER(S): Mr. Mitchell

The following is a summary of the developments in the financial markets that have occurred between February 1, 2000 and February 22, 2000.

1. The yield on the 30-year U.S. Treasury bond has decreased from 6.49% to 6.15%. This decrease has been exaggerated by technical factors surrounding speculation about the U.S. Treasury Department repurchasing U.S. Treasury notes and bonds.

2. The market level of the S&P 500 Index has decreased from 1394 to 1357.

3. The U.S. dollar has weakened compared to the euro (.97 to .98) and pound sterling (1.62 to 1.60) while strengthening compared to the yen (107 to 111).

4. The Federal Reserve Board of Governors will hold their next meeting on March 21, 2000. The Federal Reserve is expected to increase the targeted Federal Funds rate by ¼ of one percent to 6.00%.

5. The price of oil broke the $30 per barrel mark on February 14, 2000. This represents more than 100% increase over the past twelve months. On February 16, 1999 the price per barrel of oil registered a low of $13.

California State Teachers' Retirement System
Investment Summary
For the Period ended January 31, 2000

Investment Summary - Market Value *(amounts in millions)*

Asset	This Month		One Year Ago		Three Years Ago		Five Years Ago	
Domestic Equity	$ 45,460	42.5%	$ 42,575	44.9%	$ 23,591	34.3%	$ 16,260	32.9%
International Equity	28,569	26.7%	19,954	21.0%	12,917	18.8%	5,341	10.8%
Fixed Income	25,320	23.7%	26,241	27.6%	25,320	36.9%	21,408	43.4%
Global Asset Allocators	N/A	N/A	1,227	1.3%	2,582	3.8%	1,666	3.4%
Private Equity	6,455	6.0%	4,319	4.6%	3,050	4.4%	2,119	4.3%
Liquidity	1,179	1.1%	595	0.6%	1,225	1.8%	2,572	5.2%
Total Market Value	$ 106,983	100.0%	$ 94,911	100.0%	$ 68,685	100.0%	$ 49,366	100.0%

Performance Returns for Major Asset Categories

Asset	Month	Fiscal YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Domestic Equity	-4.44	5.14	13.68	21.12	24.75	17.70
Int'l Equity	-5.79	16.42	28.19	14.87	14.07	N/A
Fixed Income	-0.05	-0.46	-5.01	6.20	8.35	8.68
Real Estate	N/A	N/A	12.60	17.38	14.97	6.31
Alternative Investments	N/A	N/A	34.02	27.90	28.46	18.39
Liquidity	0.52	3.47	5.81	5.99	6.01	5.87
Total Fund	-3.42	6.91	12.31	15.42	16.26	12.74
Indicies						
Domestic Equity Custom	-3.92	4.31	12.35	21.66	25.42	17.97
MSCI AC ex US	-5.43	15.54	23.93	13.78	12.18	7.11
Salomon LPF	-0.07	-0.52	-4.89	5.67	7.93	8.58
Real Estate Custom	N/A	N/A	11.56	13.12	11.25	5.66
T-Bill	0.44	2.90	4.80	5.01	5.20	5.03
Consumer Price Index	0.30	1.58	2.76	2.00	2.35	2.86
Wilshire 5000	-4.15	5.86	14.23	22.13	25.45	17.98
Russell 3000	-3.92	4.31	12.35	21.66	25.39	18.10
MSCI EAFE	-6.35	14.36	19.25	14.59	12.23	6.72
LB Gov / Corp	-0.03	0.09	-2.87	5.49	7.19	7.80

Allocations of Cash and Reallocations of Assets
(does not include changes in the market value)

	Current Month	Past 12 Months
Cash Inflow:		
Contributions & misc receipts	$ 408.4	$ 3,855.2
Less: Benefits & misc. payments	$ (346.7)	$ (3,614.6)
Investment Income	$ 193.4	$ 2,948.1
Total Cash Inflow	$ 255.1	$ 3,188.7
Cash Allocation:		
Domestic Equity	$ (722.8)	$ (2,387.1)
International Equity	$ 27.7	$ 1,658.7
Fixed Income	$ 416.5	$ 1,983.6
Global Asset Allocators	$ -	$ (62.0)
Private Equity	$ (14.5)	$ 1,468.6
Liquidity	$ 548.1	$ 526.9
Total Cash Allocation	$ 255.1	$ 3,188.7

Asset Allocation Percentage

Assets	Actual	Target	Difference	Range
Public Equity	66.0%	63.0%	3.0%	57 - 69
Public Fixed Income	24.8%	27.0%	(2.2%)	23 - 32
Private Equity	9.2%	10.0%	(0.8%)	8 - 12
Total Investment Assets	100.0%	100.0%		

Which can be compared to the strategic targets .....

Active - Domestic Equity	8.0%	7.6%	0.4%	6 - 9
Passive - Domestic Equity	34.5%	30.4%	4.1%	29 - 41
Allocated Not Funded	-3.2%	0.0%	(3.2%)	
TOTAL DOMESTIC EQUITY	*39.3%*	*38.0%*	*1.3%*	*35 - 41*
Active - International Equity	10.6%	12.5%	(1.9%)	11 - 14
Passive -International Equity	16.1%	12.5%	3.6%	11 - 14
TOTAL NON-US EQUITY	*26.7%*	*25.0%*	*1.7%*	*22 - 28*
TOTAL PUBLIC EQUITY	***66.0%***	***63.0%***	***3.0%***	***57 - 69***
Real Estate	*2.9%*	*5.0%*	(2.1%)	
Alternative Investments	*3.1%*	*5.0%*	(1.9%)	
Allocated Not Funded	3.2%	0.0%	3.2%	
TOTAL PRIVATE EQUITY	***9.2%***	***10.0%***	***(0.8%)***	***8 - 12***
Passive - Domestic Fixed Income	22.6%	26.0%	(3.4%)	23 - 29
Active - Other Fixed Income	1.1%	0.0%	1.1%	
TOTAL FIXED INCOME	*23.7%*	*26.0%*	*(2.3%)*	*23 - 29*
Liquidity	1.1%	1.0%	0.1%	0 - 3
TOTAL FIXED & LIQUIDITY	***24.8%***	***27.0%***	***(2.2%)***	***23 - 32***
TOTAL INVESTMENT ASSETS	100.0%	100.0%		

California State Teachers' Retirement System
Off Balance Sheet Transactions
For the period ended January 31, 2000

Currency Hedging - Market Value (amounts in millions)						
Managers	**Pacific Basin**		**European**		**Total**	
Active International	$4,201.09	-5.8%	$ 6,075.59	-0.5%	$10,276.67	-2.7%
Passive International	$5,298.74	-31.6%	$ 9,284.59	0.0%	$14,583.33	-11.5%

** Does not include emerging market securities, Canadian stocks, cash or accruals.*

Currency Realized Gains/(Losses) (amounts in millions)			
	Currency Realized Gains/(Losses)		
Managers	**1 Month**	**1 Year**	**Since Inception**
Active International	($3.06)	($18.87)	$72.35
Passive International	($27.41)	($88.77)	$350.69

Securities Lending Income			
Asset	**Current Fiscal Year 7/99 - 01/00**	**vs.**	**Prior Fiscal Year 7/98 - 01/99**
Domestic Equity	$8,072,044		$7,266,884
International Equity	$15,972,235		$17,786,447
US Treasury	$8,863,202		$11,095,082
Other Fixed Income Securities	$456,262		$1,238,121
Total Income	$33,363,743		$37,386,534

Securities Lending (On-Loan/Collateral Summary)			
Asset	**Securities On-Loan**	**Collateral Valuation**	**Percent**
Domestic Equity	$3,064,105,785	$3,139,726,698	102%
International Equity	$5,086,925,655	$5,345,938,303	105%
US Treasury	$6,271,761,124	$6,392,601,352	102%
Other Fixed Income Securities	$285,110,309	$291,914,640	102%
Total Value	$14,707,902,873	$15,170,180,992	103%

California State Teachers' Retirement System

Monthly Investment Summary

	Market Value 12/31/1999	Market %	Market Value 01/31/2000	Market %	Market Value Difference	% Diff.
Liquidity						
Cash Allocation	498,404,467		1,044,142,478		545,738,010	
US Cash Equitization	145,384,537		137,960,827		(7,423,710)	
Total Liquidity	643,789,004	0.58%	1,182,103,304	1.10%	538,314,300	0.52%
Domestic Equity						
Active						
Ariel Capital	298,610,749		268,781,810		(29,828,939)	
Bank of America	523,352,781		487,886,597		(35,466,185)	
BGI - Enhanced	540,946,595		511,662,469		(29,284,126)	
Brinson Partners	498,114,572		479,067,767		(19,046,804)	
Brown Capital Management	476,825,037		448,842,918		(27,982,119)	
Delaware Investment Adv	424,905,277		401,673,555		(23,231,722)	
Delphi Management, Inc	172,087,965		165,365,062		(6,722,903)	
Denver Investment Advisors	802,260,430		790,997,067		(11,263,364)	
DSI International Management	754,593,275		715,240,722		(39,352,553)	
First Quadrant	505,634,421		478,315,783		(27,318,638)	
Mellon Capital Management	679,252,356		643,148,203		(36,104,152)	
NCM Capital Management	711,918,165		678,480,120		(33,438,045)	
Putnam Investments	620,807,002		591,214,117		(29,592,885)	
Sasco Capital	554,664,720		513,487,977		(41,176,743)	
SSgA - Enhanced	742,148,581		702,943,259		(39,205,321)	
TCW Asset Manangement Co	712,766,793		687,442,310		(25,324,483)	
Passive						
BGI Extended Market Index	6,680,273,049		6,499,838,776		(180,434,273)	
BGI S&P 500 Index	17,776,923,919		16,230,442,870		(1,546,481,050)	
STRS S&P 500 Index	14,849,430,096		14,165,328,319		(684,101,776)	
Transition						
STRS Domestic	26,051,549		137,038		(25,914,510)	
Total Domestic Equity	48,351,567,330	43.68%	45,460,296,740	42.49%	(2,891,270,590)	(1.19%)
International Equity						
Active						
Bank of Ireland Asset Management	1,097,853,661		1,031,422,750		(66,430,911)	
Battery March Financial Mgmt Inc.	360,959,946		336,100,119		(24,859,827)	
Blackrock, Inc.	241,616,210		224,146,021		(17,470,188)	
Brinson Partners Non-USEQ	538,585,189		499,128,936		(39,456,253)	
Capital Guardian Trust	1,793,569,899		1,727,936,166		(65,633,733)	
Delaware Int'l Advisors Inc.	335,039,097		308,941,776		(26,097,321)	
Fiduciary Trust	919,738,387		862,260,777		(57,477,610)	
Lazard Freres	1,030,294,368		956,977,015		(73,317,353)	
Marvin & Palmer Assoc, Inc.	531,786,136		500,725,415		(31,060,721)	
Morgan Stanley	984,945,593		915,944,268		(69,001,325)	

California State Teachers' Retirement System
Monthly Investment Summary

	Market Value 12/31/1999	Market %	Market Value 01/31/2000	Market %	Market Value Difference	% Diff.
Newport Pacific Mgmt	472,716,142		433,968,769		(38,747,374)	
Nicholas-Applegate Capital Mgmt	576,230,300		532,657,438		(43,572,862)	
Oechsle International	1,328,341,578		1,259,819,744		(68,521,833)	
Schroder Capital	766,259,931		744,510,730		(21,749,201)	
Scudder, Stevens & Clark	1,044,037,985		980,408,221		(63,629,764)	
Passive						
BGI - Europe	10,434,522,933		9,743,362,740		(691,160,193)	
BGI - Pacific	5,798,058,358		5,512,058,497		(285,999,862)	
SSgA Emerging Market Index	2,044,354,885		1,998,916,815		(45,438,071)	
Transition						
STRS International	217,378		200,774		(16,604)	
Total International Equity	30,299,127,976	27.37%	28,569,486,971	26.70%	(1,729,641,005)	(0.67%)
Fixed Income						
Corporate Bond Index	7,957,026,093		8,077,227,884		120,201,791	
Mortgage Backed Security Index	7,564,321,157		7,681,487,533		117,166,375	
Mortgage Loan	462,199,386		444,243,257		(17,956,129)	
US Treasury & Agency Index	9,045,835,113		9,116,706,444		70,871,331	
Total Fixed Income	25,029,381,749	22.61%	25,319,665,117	23.67%	290,283,368	1.05%
Real Estate						
CB Richard Ellis	1,175,437,699		1,181,869,784		6,432,085	
Clarion Partners, LLC	88,487,392		90,415,353		1,927,961	
Heitman Capital Management	28,265,953		28,805,157		539,204	
Lend Lease	935,804,421		936,899,670		1,095,249	
MIG Realty Advisors	187,527,502		188,542,303		1,014,801	
Sentinel Realty Advisors	17,351,316		17,617,133		265,817	
Special Situations	465,454,441		467,061,404		1,606,963	
SSR Realty Advisors	216,513,629		216,721,532		207,904	
Total Real Estate	3,114,842,352	2.81%	3,127,932,336	2.92%	13,089,983	0.11%
Alternative Investments						
Limited Partnerships	3,248,150,125		3,323,710,253		75,560,127	
Total Alternative Investments	3,248,150,125	2.93%	3,323,710,253	3.11%	75,560,127	0.17%
Grand Total	110,686,858,538	100.00%	106,983,194,721	100.00%	(3,703,663,817)	

PLEASE NOTE:

All Figures Include Accruals
The Information contained in this report is UNAUDITED
Member Home Loan Securitization Principal Balance as of 1/31/2000 is $130,489,008
The Internally Managed Cash Collateral Portfolio is NOT included above.
The Net Asset Value as of 1/31/2000 is $ 2,593,749,206

California State Teachers' Retirement System
Internal S&P 500 Indexed Portfolio Return

The California State Teachers' Retirement System's internal S&P 500 indexed portfolio (Portfolio) was $14,165,328,319 as of January 31, 2000. The performance objective of the Portfolio is to closely track the return of the S&P 500 Index. Table 1 shows the relative performance of the Portfolio. For the 12 month period ending January 31, 2000, the Portfolio's outperformance versus the benchmark was 0.058% (5.8 basis points).

Table 1: S&P 500 Performance

Period	Portfolio Total Return	Index Total Return	Variance
3/31/98 – 12/31/98	12.892	12.975	-0.083
12/31/98 – 12/31/99	21.111	20.987	+0.124
12/31/99 – 1/31/00	-5.024	-5.024	+0.000
1 Year	10.424	10.366	+0.058

Portfolio return calculated by State Street Bank Analytics.